

Common Fraud Schemes

Published October 11, 2016

We have all likely heard about the Foreign Lottery and Sweepstakes Schemes, but make the assumption we won't ever fall victim to one of them. The truth is, schemers have become more discreet and creative when it comes to how they approach potential victims and work to convince them of the legitimacy of the transaction.

We have recently had several customers report receiving notices, letters, emails and phone calls related to these common fraud schemes. Some of them were not initially suspicious the offer or request was a fraud scheme because it appeared to be reasonable and legitimate. Thankfully, most of them became suspicious before they had any financial loss. Unfortunately, this isn't always the case.

Before you assume you will know a scam when you see one, take a look at some of the examples below.

Check/Money Order - This scam targets both individuals and businesses. We recently had a customer that was selling a vehicle online. The buyer sent them a Cashier's Check for an amount greater than the purchase price. He explained to the seller that he did not live in the area and he was having someone else, a porter, collect the vehicle and needed to pay them in cash. He asked the seller to deposit the Cashier's Check and withdraw the amount over the purchase amount and give it to the "porter" for payment of their services. It sounded reasonable at first, but the seller became suspicious and brought the Cashier's Check to the bank for verification. Needless to say, IT WAS A SCAM! If someone overpays you for an item and asks for money back, in the form of cash or check, tread carefully. If you haven't already deposited the check, request a new check in the exact amount of the purchase. If you have already deposited the check, contact your bank so they can confirm the check has cleared the buyer's account without issue before considering sending the buyer any money.

Relative in Need – Did you receive a phone call or email from a grandchild or a family member? Or maybe a "lawyer" or "police officer" that was there with your family member? Are they in despair because they have been detained or have been in a car accident? Are they asking for money to pay fines or for car repair? Did a relative ask for money for a family member in medical need or for medicine? BE CAREFUL...This could be a scam. Before you send money, verify the request with your family member by calling the number you had before the request, not the new one they gave you when they made the request. If you can't reach them, contact their parent, sibling or child to verify the request before sending any money. Once it has been sent, you won't get it back.

Online Purchases – Have you found a product or vehicle online with a price that is too good to pass up? Is the seller asking you to wire money for a down payment? JUST SAY NO! Do not send money to the seller or a payments representative. They may try to convince you to pay through MoneyGram to avoid sales tax and get a great price. They may even send you a letter or email of authentication telling you that you have purchased the item, but in order to deliver it you need to wire funds first. Once the money is wired and received, it cannot be recovered and you will not receive the item.

Mystery Shopper Fraud – Some retailers hire companies to evaluate the quality of service in their stores; they often use mystery shoppers to get the information. They instruct a mystery shopper to make a particular purchase in a store or restaurant, and then report on the experience. Mystery Shoppers can be compensated with money, merchandise or services. Opportunities to become a Mystery Shopper are

often posted online. DON'T PAY TO BE A MYSTERY SHOPPER. Dishonest promoters will offer to "register" you as a Mystery Shopper after you pay a fee for the certification program or a list of companies utilizing Mystery Shoppers. THIS IS A SCAM! It is unnecessary to pay to become a Mystery Shopper. A list of companies that hire Mystery Shoppers is available for free and jobs are often listed on the internet for free.

Disaster Relief/Charity – There are scams that prey on the compassion of others. For example, if you see an ad online for a dog or pet, be warned: that adorable pooch's pic may just be a trick to steal your money. Scam artists have bilked animal lovers by posting ads for a pet that doesn't have a home or needs urgent medical care. The ad often includes a compelling story and asks for monetary support. The ad may offer the pet free to a good home (if you pay shipping) or request a reasonable fee to buy the puppy. VERIFY THE CHARITY FIRST! If you are eager to make a donation, give in a way that you have donated before or through a trusted organization or business where you fully understand how the funds are being collected and used.

There are countless other examples of how innocent people have fallen victim to these and other fraud schemes. Don't become one of them. Remember the Red Flags of Fraud:

- An unsolicited phone call, email or other request that you pay a large amount of money before receiving the goods or services;
- An unexpected email or call requesting your bank account number, perhaps one asking for the information printed at the bottom of one of your checks;
- An offer that seems too good to be true;
- Someone expressing a new or unusual interest in your finances;
- Pressure to send funds quickly by wire transfer; or
- The other party insists on secrecy.

If you are ever suspicious of a letter, email or phone call, don't provide any money, personal or financial information. Verify the request or contact your banking representative for assistance.

Sources:

Federal Trade Commission Consumer Information

<https://www.consumer.ftc.gov/articles/0053-mystery-shoppper-scams>

FBI Internet Crime Complaint Center

<https://www.fbi.gov/scams-and-safety/common-fraud-schemes>